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Town of Aurora  
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October 1, 2015

**DELIVERED BY E-MAIL TO:**  
regional.clerk@york.ca

Denis Kelly, Regional Clerk  
The Regional Municipality of York  
17250 Yonge Street  
Newmarket, ON L3Y 6Z1

Dear Mr. Kelly:

**Re: Town of Aurora Council Resolution of September 15, 2015; Re: Item 1(1) Report No. PL15-060 – Hotel Development Charges**

Please be advised that this matter was heard by Council at its meeting held on September 15, 2015, and in this regard Council adopted the following resolution:

**THAT staff be authorized to enter into Development Charge Deferral Agreements for hotel or motel developments which defer the excess amounts that the hotel is required to pay over the amount an office building of similar size would be required to pay, and that such surcharge be deferred until the use of the building changes; and**

**THAT any deferral of Development Charges be subject to a developer completing construction within a specified time frame as determined by staff, and the deferral be non-transferrable; and**

**THAT staff be directed to return to a rate calculation based upon the non-residential rate for the gross square footage in calculating the Development Charges for hotels and motels in the next update of the Development Charges By-law; and**

**THAT York Region be requested to consider the deferral of development charges and amendment of the Regional Development Charges By-law as described above; and**

**THAT this resolution and Report No. PL15-060 be forwarded to the municipalities of York Region and to the members of York Regional Council.**

Town of Aurora Council Resolution of September 15, 2015  
Re: Report No. PL15-060 – Hotel Development Charges  
October 1, 2015  
Page 2 of 2

The above is for your information and placement on the Regional Council agenda. We have enclosed Council Report No. PL15-060 – Hotel Development Charges for reference.

Yours truly,

A handwritten signature in black ink, appearing to read 'SMAH', written over a faint, illegible typed name.

Stephen M. A. Huycke  
Town Clerk

SMAH/lb

Enclosure (1)

Copy: Marco Ramunno, Director of Planning and Development Services  
All Municipalities of The Regional Municipality of York  
Members of York Regional Council



**TOWN OF AURORA  
COUNCIL REPORT**

**No. PL15-060**

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**SUBJECT:** *Hotel Development Charges*

**FROM:** *Marco Ramunno, Director of Planning and Development Services  
Dan Elliott, Director of Corporate and Financial Services*

**DATE:** *August 11, 2015*

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**RECOMMENDATIONS**

***THAT Report No. PL15-060 be received; and***

***THAT staff be authorized to enter into Development Charge Deferral Agreements for hotel or motel developments which defer the excess amounts that the hotel is required to pay over the amount an office building of similar size would be required to pay, and that such surcharge be deferred until the use of the building changes; and***

***THAT staff be directed to return to a rate calculation based upon the non-residential rate for the gross square footage in calculating the Development Charges for hotels and motels in the next update of the Development Charge Bylaw; and***

***THAT York Region be requested to consider the deferral of development charges and amendment of the Regional Development Charge By-law as described above.***

**PURPOSE OF THE REPORT**

To update Council on the market competitiveness of the Development Charges for new hotels in York Region and recommend options to improve the probability of attracting a hotel to Aurora.

**BACKGROUND**

On April 8, 2014, the Town approved By-law Number 5585-14 to update the Town's Development Charge By-law and related charges. As part of the recent update, staff recommended the harmonization of the Town's methodology for the calculation of development charges with the approach currently in place at York Region. This included the recommendation to amend the methodology for calculating development

charges for hotel developments. Under the previous method, hotels were charged the non-residential rate for the gross square footage of the proposed hotel. This methodology was amended to a charge equal to 50% of the non-residential rate plus the equivalent of the small apartment rate for each unit proposed within the hotel.

The Town has been approached over the past several months by various investors interested in a hotel in Aurora. A number of groups have entered into advanced stages of planning including the securing of sites, completing detailed financial analyses, engaging potential hotel brands and engaging an architect. These groups have highlighted the current development charges as a significant barrier to the construction of a hotel in Aurora.

## COMMENTS

The Town is currently in discussions with a hotel investor that is proposing a 46,110 square foot, 87 suite hotel along the highway 404 corridor. The investor is progressing through planning stages of the project and has indicated that the estimated development charge is extraordinary when compared to other GTA municipalities and a significant barrier to development. In response, staff have completed a comparative analysis of the applicable development charges for the proposed hotel using the rates and mythologies for several comparable GTA municipalities. The results of this analysis are summarized in Table 1 below:

Table 1: Estimated Hotel Development Charges, Select GTA Municipalities

Municipality	Regional DC	Education DC	Local DC	Total DC
Aurora	\$1,983,789.62	\$34,569.94	\$738,267.72	\$2,756,627.28
Ajax	\$614,185.20	\$0	\$217,639.20	\$831,824.40
Richmond Hill	\$1,983,789.62	\$34,569.94	\$586,076.66	\$2,604,436.23
Mississauga	\$874,269.40	\$47,069.38	\$498,862.33	\$1,420,201.11
Newmarket	\$1,983,789.62	\$34,569.94	\$231,472.20	\$2,249,831.76
Toronto	N/A	\$49,337.70	\$818,583.70	\$867,921.40
Milton	\$850,453.24	\$73,656.87	\$315,239.29	\$1,239,349.40

Town of Aurora

Note: Calculations based on 46,110 gross sq.ft, 87 suite hotel

The analysis indicates that hotel development charges in York Region are significantly higher than several other competing jurisdictions. Moreover, hotel development charges in Aurora are relatively high even when compared to competing jurisdictions within York Region. Staff believe that current development charges are a barrier to the Town attracting a hotel and recommend that Council take steps to address the issue.

Staff have discussed the issue with York Region staff and understand that a very limited number of hotels have been approved under the current development charge policy. This further supports the assertion that the development charge is hindering the Regions ability to attract a hotel.

In order to address the issue, it is recommended that Council authorize staff to enter into Development Charge Deferral Agreements for hotel or motel developments which defer the excess amounts that the hotel is required to pay over the amount an office building of similar size, and that such surcharge be deferred until the use of the building changes. Moreover, it is recommended that Council consider returning to a rate calculation based upon the non-residential rate for the gross square footage in calculating the Development Charges for hotels and motels in the next update of the Development Charge Bylaw.

It is also recommended that Council request that York Region take similar actions related to the Regional hotel development charge and methodology given that the Regional development charge alone is significantly higher than the total development charge for several competing GTA municipalities.

#### **LINK TO STRATEGIC PLAN**

The report supports the Strategic Plan goal of ***Enabling a Creative, Diverse and Resilient Economy*** through its accomplishment in satisfying requirements in the following key objectives within this goal statement:

**Promoting economic opportunities that facilitate the growth of Aurora as a desirable place to do business:** Through the analysis of the market feasibility of hotel development charges and recommendations to improve the Town ability to attract a hotel.

**Supporting small business and encouraging a more sustainable business environment:** By improving the Town's ability to attract a hotel which has been proven to be an essential component of a successful and sustainable. The report directly supports the following Strategic Plan action: *Work with community partners to establish a hotel and/or convention centre that meets the growing needs of our businesses and residents.*

#### **ALTERNATIVE(S) TO THE RECOMMENDATIONS**

1. Council may choose to not defer hotel development charges or amend the next Development Charges By-law as outlined above.

## **FINANCIAL IMPLICATIONS**

The recommended deferral of development charges will result in a \$565,000 deferral of fees to the Town for a hotel under the above mentioned scenario. However, staff believe that the current rate is a significant barrier to the development of a hotel and conversely the Town's ability to attract a hotel to the area. As a result, staff are recommending that the Town defer the portion of the development charge that is greater than the development charge for an equivalent sized employment land use. This approach ensures that the Town is collecting the relevant development charge for a comparatively sized office building.

## **CONCLUSIONS**

On April 8, 2014, the Town approved By-law Number 5585-14 to update the Town's Development Charge By-law and related charges. As part of the update, staff recommended the harmonization of the Town's methodology with that of York Region for the calculation of development charges for hotel developments. The Town is currently in discussions with a hotel investor that is proposing a 46,110 square foot, 87 suite hotel along the highway 404 corridor. The investor is progressing through planning stages of the project and has indicated that the estimated development charge is extraordinary when compared to other GTA municipalities.

As a result, it is recommended that Council authorize staff to enter into Development Charge Deferral Agreements for hotel or motel developments which defer the excess amounts that the hotel is required to pay over the amount an office building of similar size, and that such surcharge be deferred until the use of the building changes. Moreover, it is recommended that Council consider returning to a rate calculation based upon the non-residential rate for the gross square footage in calculating the Development Charges for hotels and motels in the next update of the Development Charge Bylaw.

It is also recommended that Council request that York Region take similar actions related to the Regional hotel development charge and methodology given that the Regional development charge alone is significantly higher than the total development charge for several competing GTA municipalities.

## **ATTACHMENTS**

None

**PRE-SUBMISSION REVIEW**

Executive Leadership Team – July 30, 2015

***Prepared by: Anthony Ierullo, Manager of Long Range and Strategic Planning -  
Ext. 4742***

  
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**Marco Ramunno**  
**Director of Planning and Development  
Services**

  
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**For Dan Elliott**  
**Director of Corporate and Financial  
Services**

  
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**Patrick Moyle**  
**Interim Chief Administrative Officer**